GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2537
ANSWERED ON:18.08.2006
NON-PAYMENT OF TAXES BY COMPANIES
Singh Shri Prabhunath

Will the Minister of FINANCE be pleased to state:

(a) whether some companies in Maharashtra, Tamil Nadu and West Bengal did not pay any tax even though these had declared dividends amounting to Rs.2,498 crore;

(b) whether at least 125 of these companies were required to pay direct tax amounting to Rs.241.12 crore under the special provisions but did not pay;

(c) if so, the details of the companies who have evaded taxes; and

(d) the steps taken to recover the dues from these companies?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM)

(a) & (b) : The C&AG of India in Report No.13 of 2004 (for the year ended March 2003), at Para 1.4.4 of the Systems Review on "Operation of the Scheme of Taxation of Companies under Special Provisions of the Income Tax Act (Section 115JA/JB)" have observed that in the States of Maharashtra, Tamil Nadu and West Bengal, 6185 companies did not pay any tax under the Special Provisions despite declaring dividends amounting to Rs.2498 crore. Further, as per the Report, tax amounting to Rs.241.12 crore in respect of 125 companies have not been levied.

(c) & (d) : The Audit's observation pertains to 6185 cases, assessed in the above three States. The details of these companies have not been given in the Audit Report.

In respect of Audit's observation on cases included in Systems Review, wherever the facts stated by the Audit are found to be correct, appropriate remedial action is undertaken for rectification / reassessment / fresh assessment. Depending upon appeals at various stages, different cases achieve finality at different points of time. After the outcome of appeals, the taxes due from these companies would be recovered. Only after the assessments of all the 6185 companies achieve finality, it may be ascertained as to whether taxes were evaded by these companies. It may be mentioned that the relevant details are not maintained centrally in the Ministry.